

FY 2009-10 BUDGET

BUDGET SECTION SUMMARY

Section Title:

RUSSIAN RIVER COUNTY SANITATION DISTRICT

A. Program Description

This budget finances operation, maintenance, and administration of a collection system, pumping stations, a treatment plant, and disposal facilities which serve the Russian River area.

B. Financial Summary

Section	GROSS EXPENDITURES			NET COST/USE OF FUND BALANCE		
	FY 08-09 Adopted	FY 09-10 Requested	Percent Change	FY 08-09 Adopted	FY 09-10 Requested	Percent Change
Operations	\$3,873,997	\$8,323,497	114.86%	\$849,787	\$5,176,489	509.15%
Bonds	66,302	61,052	(7.92%)	(116,398)	(142,698)	22.59%
Revenue Bonds	53,000	49,750	(6.13%)	(77,000)	(74,865)	(2.77%)
Construction	4,605,517	4,921,350	6.86%	4,569,017	925,600	(79.74%)
TOTAL:	\$8,598,816	\$13,355,649	55.32%	\$5,225,406	\$5,884,526	12.61%

C. Staffing Summary

No staffing is allocated to this index.

D. Workload Summary

Workload Indicator	FY 07-08 Actual	FY 08-09 Budget Estimate	FY 08-09 Revised Estimate	FY 09-10 Projected	Change from FY 08-09 Budget Estimate
TOTAL ESDs	3,182	3,184	3,183	3,183	(0.03%)
TOTAL APNs	3,329	3,329	3,321	3,321	(0.24%)

E. Summary of Issues and Significant Changes

The requested rate per ESD for FY 09-10 annual service charges is \$1,036, representing a 5.0% increase from FY 08-09. Annual sewer service charge revenue, adjusted for the anticipated number of ESDs and an estimated delinquency factor, is projected to increase from the FY 08-09 budget. This revenue change is primarily due to the rate increase.

The Russian River CSD treatment plant was completed in September 1980 and began operating in 1982. The District recently upgraded the treatment plant to increase its capacity to treat wastewater flows during flood conditions in the District's service area. The addition of equalization storage and upgrades to the disinfection system are currently being evaluated.

The Russian River CSD irrigates approximately 20 acres of forest area adjacent to the treatment plant (referred to as the Burch property) and approximately 40 acres of the Northwood Golf Course. The Northwood Golf Course has not been able to achieve the disposal rate which was expected when the treatment plant was constructed. As a result, increased irrigation has been required at the Burch property. The Russian River CSD is evaluating expansion of the irrigation system to reduce the amount of irrigation performed on the Burch property and match the design capacity of the plant.

The requested rates should provide the funds necessary to operate and maintain the Russian River CSD's collection system, treatment plant, and reclamation system. In addition to the funds needed for the ongoing operation of wastewater treatment and disposal facilities, funds are necessary for the replacement of aging infrastructure. A new ultraviolet light disinfection system is planned for construction in FY 09-10. Additionally, the North Coast Regional Water Quality Board is requiring significant increases in chemical analyses on the District's recycled water and Russian River water. This project is needed to meet discharge permit requirements. At the Russian River CSD, rates in the future may need to be increased above inflation levels to provide funding for the replacement of aging infrastructure.

F. Summary of Reduction Options

No reduction options are proposed.

G. Attachments

- Summary of Revenues and Expenditures
- Character Justification
- Statement of Special Fund Activity

FY 2009-10 BUDGET
SUMMARY OF REVENUES AND EXPENDITURES

Section Title: RUSSIAN RIVER CSD - OPERATIONS
Section/Index No: 652107

Sub-Object No. and Title	Adopted 2008-09	Requested 2009-10	Difference	Percent Change
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REVENUES:

TAXES

1001 Flat Charges - CY	\$2,802,587	\$2,965,964	\$163,377	5.83%
1007 Flat Charges - CY Secured	6,000	6,000	0	0.00%
1061 Flat Charges - PY	100,000	95,000	(5,000)	(5.00%)
1120 Penalties / Costs on Taxes	15,000	15,000	0	0.00%

Subtotal Taxes	\$2,923,587	\$3,081,964	\$158,377	5.42%
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USE OF MONEY

1700 Interest on Pooled Cash	\$72,000	\$35,000	(\$37,000)	(51.39%)
Subtotal Use of Money	\$72,000	\$35,000	(\$37,000)	(51.39%)

CHARGES FOR SERVICES

3400 Sanitation Services	\$28,623	\$30,044	\$1,421	4.96%
Subtotal Charges for Services	\$28,623	\$30,044	\$1,421	4.96%

ADMINISTRATIVE CONTROL

4210 Advances	\$0	\$3,970,000	\$3,970,000	N/A
4219 Advances - Clearing	0	(3,970,000)	(3,970,000)	N/A
Subtotal Administrative Control	\$0	\$0	\$0	N/A

TOTAL REVENUES	\$3,024,210	\$3,147,008	\$122,798	4.06%
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EXPENDITURES:

SERVICES AND SUPPLIES

6040 Communications	\$15,000	\$15,000	\$0	0.00%
6140 Maintenance - Equipment	50,000	50,000	0	0.00%
6180 Maintenance - Bldgs / Impr	175,000	175,000	0	0.00%
6262 Lab Supplies	5,000	10,000	5,000	100.00%
6512 Testing/Analysis	240,000	300,000	60,000	25.00%
6521 County Services	3,000	3,000	0	0.00%
6522 District Services	102,500	110,000	7,500	7.32%
6523 District Operations	1,364,000	1,420,000	56,000	4.11%
6570 Consultant Services	143,368	54,025	(89,343)	(62.32%)
6573 Administration Costs	27,000	27,000	0	0.00%
6610 Legal Services	5,000	5,000	0	0.00%
6629 Fiscal Accounting Services	32,000	30,000	(2,000)	(6.25%)
6630 Audit / Accounting Services	15,000	14,000	(1,000)	(6.67%)
7206 Equipment Usage Charges	100,000	90,000	(10,000)	(10.00%)

Sub-Object No. and Title	Adopted 2008-09	Requested 2009-10	Difference	Percent Change
7212 Chemicals	50,000	60,000	10,000	20.00%
7217 State Permits / Fees	10,000	40,000	30,000	300.00%
7247 Water Conservation	0	39,300	39,300	
7320 Utilities	160,000	500	(159,500)	(99.69%)
7394 Power	0	160,000	160,000	N/A
Subtotal Services and Supplies	\$2,496,868	\$2,602,825	\$105,957	4.24%
<u>OTHER CHARGES</u>				
7920 Interest	\$0	\$95,280	\$95,280	N/A
7930 Interest - LT Debt	83,629	278,142	194,513	232.59%
7980 Depreciation	1,080,000	1,177,000	97,000	8.98%
Subtotal Other Charges	\$1,163,629	\$1,550,422	\$386,793	33.24%
<u>FIXED ASSETS</u>				
8560 Equipment	\$15,000	\$0	(\$15,000)	(100.00%)
Subtotal Fixed Assets	\$15,000	\$0	(\$15,000)	(100.00%)
<u>OTHER FINANCING USES</u>				
8625 OT - W/in Special Dist - BOS	\$138,500	\$4,110,250	\$3,971,750	2867.69%
Subtotal Other Financing Uses	\$138,500	\$4,110,250	\$3,971,750	2867.69%
<u>APPROPRIATIONS FOR CONT</u>				
9000 Approp for Contingencies	\$60,000	\$60,000	\$0	0.00%
Subtotal Approp for Contingencies	\$60,000	\$60,000	\$0	0.00%
<u>ADMINISTRATIVE CONTROL ACCOUNT</u>				
9200 Ent - Principal	\$160,326	\$164,335	\$4,009	2.50%
9209 Ent - Principal Clearing	(160,326)	(164,335)	(4,009)	2.50%
9210 Advances	20,153	0	(20,153)	(100.00%)
9219 Advances - Clearing	(20,153)	0	20,153	(100.00%)
Subtotal Administrative Control	\$0	\$0	\$0	N/A
TOTAL EXPENDITURES	\$3,873,997	\$8,323,497	\$4,449,500	114.86%
TOTAL NET COST <i>(Expenditures Minus Revenues)</i>	\$849,787	\$5,176,489	\$4,326,702	509.15%

FY 2009-10 BUDGET

CHARACTER JUSTIFICATION

Department - Division: Sonoma County Water Agency - Sanitation

Section Title: Russian River CSD - Operations

Character Title: Taxes

Character No.: 652107-10

1001 Flat Charges - CY

Flat charge revenue from annual service charges is expected to increase from the adopted FY 08-09 budget. The rate will increase 5.0%, from \$987 to \$1,036.

ESDs times annual rate:	3,181 x \$1,036	\$3,295,516
Less Estimated Delinquency Factor:	10%	(329,552)
		<u>\$2,965,964</u>

(See SubObject 3400 for Total ESDs)

1007 Flat Charges - CY Secured

This item records the Flat Charges-Current Year Secured.

1061 Flat Charges - PY

This item records the estimated delinquent amount of prior years sewer service charges.

1120 Penalties/Costs on Taxes

This item records penalties paid on delinquent sewer service charges.

Character Title: Use of Money

Character No.: 652107-17

1700 Interest on Pooled Cash

This account records interest on pooled cash held for the District by the County Treasurer's office. Estimated interest is projected based on cash on hand and current interest rate trends.

Estimated Average Cash Balance	\$2,000,000
Projected Interest Rate	<u>1.75%</u>
Projected/Planned Interest on Pooled Cash	\$35,000

Character Title: Charges for Services

Character No.: 652107-30

3400 Sanitation Services

This account records annual sewer service charges for entities that are invoiced, rather than collected as flat charges on the tax roll, and for new hook-ups as they occur during the year. The Sanitation Rate Ordinance requires that charges be collected at the time permits are issued. The properties are then added to the tax roll master listing and collected through sub-object 1001, Flat Charges, in the following year.

Based on projected FY 09-10 ESDs, the District will experience an increase in revenue from invoiced entities. The budgeted revenue reflects an increase in the annual sewer service charge from \$987 to \$1,036.

ESDs x Annual Charge	29 x \$1,036	=	\$30,044
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Character Title:

Administrative Control Account

Character No.:

652107-42

4210 Advances

This account will record the anticipated receipt of \$3,970,000 from the State Water Resources Control Board Revolving Loan Program for the Disinfection Basin Project.

4219 Advances - Clearing

This is the clearing account for sub-object 4210.

Character Title:

Services and Supplies

Character No.:

652107-60

6040 Communications

This account records expenses paid by the District for outside communication and wireless services.

6140 Maintenance - Equipment

This account records the costs for routine maintenance of equipment.

6180 Maintenance - Bldgs / Impr

This account records the cost of parts and materials required to maintain the collection system and treatment facilities.

6262 Laboratory Supplies

This account records the cost of lab supplies required for testing and monitoring wastewater.

6512 Testing and Analysis

This account records expenses incurred to comply with all regulatory testing requirements.

6521 County Services

This item records the expense of agenda services for FY 09-10.

6522 District Services

This account records the service and supply type items associated with operations and maintenance of the District's facilities.

6523 District Operations

This account records the cost of labor and overhead associated with operations and maintenance of the District's facilities.

6570 Consultant Services

This account records the costs of services provided by outside consultants including agreement with ZSI (\$15,000) project 7231-03, Arc Flash Study (\$4,025) project 7176-05 and miscellaneous consultant agreements (\$35,000).

6573 Administration Costs

This account represents the 1% administration fee assessed by the County for processing collection of flat charges on the tax roll.

Character Title:

Services and Supplies (Continued)

Character No.: 652107-60

6610 Legal Services

This item is requested to provide funds for the estimated cost of legal services to be provided by County Counsel, or outside legal services, as required.

6629 Fiscal Accounting Services

This item records the direct charge for services provided by the Fiscal Services Section of the County Auditor Controller's Office for staff costs attributed to District's accounting.

6630 Audit / Accounting Services

This account represents the cost of accounting and audit services provided by an outside certified public accounting service.

7206 Equipment Usage Charges

This item is requested to provide funds for equipment usage.

7247 Water Conservation

These funds will be used to implement a Water Conservation Program in the district.

7212 Chemicals

This account records the cost of chemicals required for operation of the treatment plant in accordance with the District's NPDES permit, as required by the State Water Quality Control Board.

7217 State Permits / Fees

This account records the cost of obtaining the District's permits related to NPDES, as mandated by the Regional Water Quality Control Board.

7320 Utilities

This account records the cost of utilities such as water.

7394 Power

This account records the cost of utilities such as gas and electricity.

Character Title:

Other Charges

Character No.:

652107-75

7920 Interest

This account reflects the interest expense for the State Revolving Loan for the Disinfection Upgrade Project.

7930 Interest LT Debt

This account reflects the interest expense for the State Revolving Loan. The interest rate is 5.0%. Payment began November 2005 and will continue annually until November 2024.

7980 Depreciation

Generally Accepted Accounting Principles require that depreciation be expensed each year.

Character Title:

Fixed Assets

Character No.:

652107-86

8560 Equipment

No funds will be budgeted for FY 09-10.

Character Title:

Other Financing Uses

Character No.:

652107-86

8625 OT - W/in Special Dist - BOS

This account reflects the transfer of cash from the Operations Fund to the Revenue Bond Fund to cover principal and interest payments, as well as to the Construction Fund to finance the Capital Replacement Program and Wastewater Capital Reserve fund required by the State Revolving Fund loan received February 2004. If the Operations Fund does not have sufficient cash available to finance planned capital projects, the transfer to the Construction Fund will not be made and any uncompleted projects will be rescheduled and rebudgeted in the next fiscal year.

Transfer to Revenue Bond Fund	\$119,750
Transfer to Construction Fund (Wastewater Capital Reserve Fund)*	20,500
Transfer to Construction Fund (State Water Resources Loan)	3,970,000
Total Operating Transfer	\$4,110,250

*Transfers to the Construction Fund to Finance the Wastewater Capital Reserve Fund began in FY 04-05 and continue until FY 13-14.

Character Title:

Appropriations for Contingencies

Character No.:

652107-90

9000 Appropriations for Contingencies

This account provides funding for unanticipated expenditures or revenue shortfalls.

Character Title:

Administrative Control Account

Character No.:

652107-92

9200 Ent - Principal

This account reflects the principal expense for the State Revolving Loan for the Third Unit Processes Project.

The following reflects the principal payment history to date:

Original Amount of the Loan:	\$3,800,969
Total FY 05-06 through FY 07-08 Principal Payment:	(455,820)
FY 08-09 Principal Payment:	(160,326)
Outstanding Loan Amount	\$3,184,823

9209 Ent - Principal Clearing

This is the clearing account for sub-object 9200, Ent -.Principal.

9210 Advances

This account reflects increment payments to the County General Fund on a long term, interest free loan received for operating purposes (and not supported by EPA grant reimbursement). This was paid in full FY 08-09.

9219 Advances - Clearing

This is the clearing account for sub-object 9210, Advances.

FY 2009-10 BUDGET
STATEMENT OF SPECIAL FUND ACTIVITY

Department: Sonoma County Water Agency - Sanitation
Section: Russian River CSD - Operations
Index No.: 652107

DESCRIPTION OF FUND ACTIVITY	Actual FY 07-08	Estimated FY 08-09	Requested FY 09-10
Undesignated/Unreserved <u>BEGINNING</u> Retained Earnings Available for Budgeting (See Detailed Components Below)	\$1,761,263	\$2,370,955	\$2,343,880
Annual Revenues and Expenditures:			
Revenues - Increase retained earnings	3,063,740	3,067,280	3,147,008
Expenditures - (Decrease) retained earnings	(3,303,929)	(4,015,442)	(8,323,497)
Net Surplus or Deficit - Inc/(Dec) to retained earnings	(240,189)	(948,162)	(5,176,489)
Adjustments to Reserves/Encumbrances:			
7980 Depreciation	1,026,982	1,026,982	1,177,000
9210 Advances (Repayment County General Fund)	(66,000)	(20,153)	-
9200 Ent - Principal Payments	(156,416)	(160,326)	(164,335)
4210 Advances	-	-	3,970,000
Change in Matured Principal	41,937	16,144	-
Net Change in Encumbrance	3,377	58,440	-
Net Adjustment - Increase/(Decrease) to Retained Earnings	849,880	921,087	4,982,665
Undesignated/Unreserved <u>ENDING</u> Retained Earnings Available for Budgeting	\$2,370,955	\$2,343,880	\$2,150,056
Total Increase/(Decrease) in Retained Earnings for Fiscal Year (Difference between Beginning and Ending Balance)	\$609,692	(\$27,075)	(\$193,824)
<u>Retained Earnings Components at Beginning of FY</u>	<u>7/1/07</u>	<u>7/1/08</u>	
Cash	\$1,889,068	\$2,414,164	
Other Receivables (Flat Charges)	233,941	300,937	
Accounts Payable	(72,173)	(56,444)	
Prepaid Expense	45,723	-	
Due to Other Funds	(66,000)	(20,153)	
Due to Other Governments	(156,415)	(160,326)	
Interest Payable	(51,064)	(48,783)	
Encumbrances (Contract)	(61,817)	(58,440)	
Total Beginning Retained Earnings	\$1,761,263	\$2,370,955	

FY 2009-10 BUDGET
SUMMARY OF REVENUES AND EXPENDITURES

Section Title: RUSSIAN RIVER CAD - REVENUE BONDS
Section/Index No: 652214

Sub-Object No. and Title	Adopted 2008-09	Requested 2009-10	Difference	Percent Change
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REVENUES:

USE OF MONEY

1700 Interest on Pooled Cash	\$12,000	\$4,865	(\$7,135)	(59.46%)
Subtotal Use of Money	\$12,000	\$4,865	(\$7,135)	(59.46%)

OTHER FINANCING SOURCES

4625 OT - Within Spec Dist BOSS	\$118,000	\$119,750	\$1,750	1.48%
Subtotal Use of Money	\$118,000	\$119,750	\$1,750	1.48%

TOTAL REVENUES	\$130,000	\$124,615	(\$5,385)	(4.14%)
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EXPENDITURES:

OTHER CHARGES

7920 Interest	\$53,000	\$49,750	(\$3,250)	(6.13%)
Subtotal Other Charges	\$53,000	\$49,750	(\$3,250)	(6.13%)

ADMINISTRATIVE CONTROL ACCOUNT

9200 Net - Principal	\$0	\$70,000	\$70,000	N/A
9209 Net - Principal Clearing	0	(70,000)	(70,000)	N/A
Subtotal Administrative Control	\$0	\$0	\$0	N/A

TOTAL EXPENDITURES	\$53,000	\$49,750	(\$3,250)	(6.13%)
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TOTAL NET COST (Expenditures Minus Revenues)	(\$77,000)	(\$74,865)	\$2,135	(2.77%)
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FY 2009-10 BUDGET
CHARACTER JUSTIFICATION

Department - Division: Sonoma County Water Agency - Sanitation
Section Title: Russian River CSD - Revenue Bonds

Character Title: Use of Money Character No.: 652214-17

1700 Interest on Pooled Cash

This account records interest on pooled cash held for the District by the County Treasurer's office. Estimated interest is projected based on cash on hand and current interest rate trends.

Estimated Average Cash Balance	\$278,000
Projected Interest Rate	1.75%
Projected/Planned Interest on Pooled Cash	\$4,865

Character Title: Other Financing Sources Character No.: 652214-46

4625 OT - W/in Special Dist - BOS

The revenues supporting the revenue bond are collected in the Operations Fund. This account reflects the transfer of cash from Operations Fund to the Revenue Bond Fund to cover the annual principal and interest payment.

Character Title: Other Charges Character No.: 652214-75

7920 Interest

This account reflects the interest expense on the outstanding revenue bonds. The interest rate is 5.0%. Payments began April 1, 1982 and will continue semi-annually until April 1, 2020. The FY 09-10 request is based on the bond amortization schedule prepared at the time the bonds were sold.

Character Title: Administrative Control Account Character No.: 652214-92

9200 Ent - Principal

This account reflects the principal expense for the revenue bonds that were issued in 1981. Payments on the bonds will continue until April 1, 2020. The FY 09-10 request is based on the bond amortization schedule prepared at the time the bonds were sold.

The following reflects the bond principal payment history to date:

Original Amount of the Revenue Bond Issue:	\$2,000,000
Total FY 82-83 through FY 07-08 Principal Payments:	(940,000)
FY 08-09 Principal Payment:	(65,000)
Outstanding Bond Amount	\$995,000

9209 Ent - Principal Clearing

This is the clearing account for sub-object 9200, Ent - Principal.

FY 2009-10 BUDGET
STATEMENT OF SPECIAL FUND ACTIVITY

Department: Sonoma County Water Agency - Sanitation
 Section: Russian River CSD - Revenue Bonds
 Index No.: 652214

DESCRIPTION OF FUND ACTIVITY	Actual FY 07-08	Estimated FY 08-09	Requested FY 09-10
Undesignated/Unreserved <u>BEGINNING</u> Retained Earnings			
Available for Budgeting (See Detailed Components Below)	\$253,870	\$270,713	\$279,333
Annual Revenues and Expenditures:			
Revenues - Increase retained earnings	\$137,280	131,620	124,615
Expenditures - (Decrease) retained earnings	(\$55,437)	(53,000)	(49,750)
Net Surplus or Deficit - Inc/(Dec) to retained earnings	<u>81,843</u>	<u>78,620</u>	<u>74,865</u>
Adjustments to Reserves/Encumbrances:			
Matured Bond Payable	-	(5,000)	-
9200 Ent - Principal	(65,000)	(65,000)	(70,000)
Net Adjustment - Increase/(Decrease) to Retained Earnings	<u>(65,000)</u>	<u>(70,000)</u>	<u>(70,000)</u>
Undesignated/Unreserved <u>ENDING</u> Retained Earnings			
Available for Budgeting	\$270,713	\$279,333	\$284,198
Total Increase/(Decrease) in Retained Earnings for Fiscal Year (Difference between Beginning and Ending Balance)	\$16,843	\$8,620	\$4,865
<u>Retained Earnings Components at Beginning of FY</u>	<u>7/1/07</u>	<u>7/1/08</u>	
Cash	\$332,513	\$348,543	
Other Receivables-Flat Charges	420	420	
Interest Payable	(14,063)	(13,250)	
Revenue Bonds Payable (Current)	(65,000)	(65,000)	
Total Beginning Retained Earnings	<u>\$253,870</u>	<u>\$270,713</u>	

FY 2009-10 BUDGET

SUMMARY OF REVENUES AND EXPENDITURES

Section Title: RUSSIAN RIVER CSD - BONDS

Section/Index No: 652206

Sub-Object No. and Title	Adopted 2008-09	Requested 2009-10	Difference	Percent Change
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REVENUES:

TAXES

1000 Prop Taxes - CY Secured	\$175,000	\$175,000	\$0	0.00%
1020 Prop Taxes - CY Supplemental	1,500	2,000	500	33.33%
1040 Prop Taxes - CY Unsecured	1,000	500	(500)	(50.00%)
Subtotal Taxes	\$177,500	\$177,500	\$0	0.00%

USE OF MONEY

1700 Interest on Pooled Cash	\$5,200	\$26,250	\$21,050	404.81%
Subtotal Use of Money	\$5,200	\$26,250	\$21,050	404.81%

TOTAL REVENUES	\$182,700	\$203,750	\$21,050	11.52%
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EXPENDITURES:

SERVICES AND SUPPLIES

6635 Fiscal Agent Fees	\$52	\$52	\$0	0.00%
Subtotal Services and Supplies	\$52	\$52	\$0	0.00%

OTHER CHARGES

7920 Interest	\$66,250	\$61,000	(\$5,250)	(7.92%)
Subtotal Other Charges	\$66,250	\$61,000	(\$5,250)	(7.92%)

ADMINISTRATIVE CONTROL ACCOUNT

9200 Ent - Principal	\$105,000	\$110,000	\$5,000	4.76%
9209 Ent - Principal Clearing	(105,000)	(110,000)	(5,000)	4.76%
Subtotal Administrative Control	\$0	\$0	\$0	N/A

TOTAL EXPENDITURES	\$66,302	\$61,052	(\$5,250)	(7.92%)
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TOTAL NET COST	(\$116,398)	(\$142,698)	(\$26,300)	22.59%
<i>(Expenditures Minus Revenues)</i>				

FY 2009-10 BUDGET
CHARACTER JUSTIFICATION

Department - Division: Sonoma County Water Agency - Sanitation

Section Title: Russian River CSD - Bonds

Character Title: Taxes

Character No.: 652206-10

1000 Prop Taxes - CY Secured

The Auditor-Controller establishes a tax rate sufficient to accumulate tax revenues necessary to make bond payments of interest and principal. The bonds were passed to fund construction of sewage facilities.

1020 Prop Taxes - CY Supplemental

The amount requested for property tax revenue is based on prior year actuals and current year estimates from the Auditor-Controller's office.

1040 Prop Taxes - CY Unsecured

The amount requested for property tax revenue is based on prior year actuals and current year estimates from the Auditor-Controller's office.

Note: The FY 08-09 bond payment amount (principal and interest) is \$171,000. To avoid major fluctuations in the tax rate from year to year, the tax amount budgeted and/or collected each year may not correspond exactly to the annual bond payment (P&I). Over or under collection in any single year (when compared to the bond payment for that year) merely increases or decreases the fund balance retained in this index. The Auditor's long term tax rate calculations are designed to ensure that debt service obligations are met, while retaining an appropriate level of fund balance, and minimizing unnecessary tax rate fluctuations.

Character Title: Use of Money

Character No.: 652206-17

1700 Interest on Pooled Cash

This account records interest on pooled cash held for the District by the County Treasurer's office. Estimated interest is projected based on cash on hand and current interest rate trends.

Estimated Average Cash Balance	\$1,500,000
Projected Interest Rate	<u>1.75%</u>
Projected/Planned Interest on Pooled Cash	\$26,250

Character Title: Services and Supplies

Character No.: 652206-60

6635 Fiscal Agent Fees

This account records the fee collected by the County Treasurer for acting as the fiscal agent.

Character Title: Other Charges

Character No.: 652206-75

7920 Interest

This account reflects the interest expense on the outstanding general obligation bonds. The interest rate is 5.0%. Payments began July 1, 1980 and will continue semi-annually until July 1, 2018. The FY 09-10 request is based on the bond amortization schedule prepared at the time the bonds were sold.

Character Title: Administrative Control Account

Character No.: 652206-92

9200 Ent - Principal

This account reflects the principal expense for general obligation bonds that were issued in 1979 to finance the local share of a wastewater collection system. Payments on the bonds will continue until July 1, 2018. The FY 09-10 request is based on the bond amortization schedule prepared at the time the bonds were sold.

The following reflects the bond principal payment history to date:

Original amount of the General Obligation Bond Issue:	\$2,900,000
Total FY 80-81 through FY 07-08 Principal Payments:	(1,475,000)
FY 08-09 Principal Payment:	<u>(100,000)</u>
Outstanding Bond Amount	\$1,325,000

9209 Ent - Principal Clearing

This is the clearing account for sub-object 9200, Ent - Principal.

FY 2009-10 BUDGET
STATEMENT OF SPECIAL FUND ACTIVITY

Department: Sonoma County Water Agency - Sanitation
 Section: Russian River CSD - Bonds
 Index No.: 652206

DESCRIPTION OF FUND ACTIVITY	Actual FY 07-08	Estimated FY 08-09	Requested FY 09-10
Undesignated/Unreserved <u>BEGINNING</u> Retained Earnings			
Available for Budgeting (See Detailed Components Below)	\$134,852	\$152,921	\$164,424
Annual Revenues and Expenditures:			
Revenues - Increase retained earnings	189,369	182,805	203,750
Expenditures - (Decrease) retained earnings	(71,300)	(66,302)	(61,052)
Net Surplus or Deficit - Inc/(Dec) to retained earnings	<u>118,069</u>	<u>116,503</u>	<u>142,698</u>
Adjustments to Reserves/Encumbrances:			
9200 Enterprise Principal	(100,000)	(105,000)	(110,000)
Net Adjustment - Increase/(Decrease) to Retained Earnings	<u>(100,000)</u>	<u>(105,000)</u>	<u>(110,000)</u>
Undesignated/Unreserved <u>ENDING</u> Retained Earnings			
Available for Budgeting	\$152,921	\$164,424	\$197,122
Total Increase/(Decrease) in Retained Earnings for Fiscal Year (Difference between Beginning and Ending Balance)	\$18,069	\$11,503	\$32,698
<u>Retained Earnings Components at Beginning of FY</u>	<u>7/1/07</u>	<u>7/1/08</u>	
Cash	\$134,852	\$152,921	
Total Beginning Retained Earnings	<u>\$134,852</u>	<u>\$152,921</u>	

FY 2009-10 BUDGET
SUMMARY OF REVENUES AND EXPENDITURES

Section Title: **RUSSIAN RIVER CSD - CONSTRUCTION**

Section/Index No: **652305**

Sub-Object No. and Title	Adopted 2008-09	Requested 2009-10	Difference	Percent Change
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REVENUES:

USE OF MONEY

1700 Interest on Pooled Cash	\$16,000	\$5,250	(\$10,750)	(67.19%)
Subtotal Use of Money	\$16,000	\$5,250	(\$10,750)	(67.19%)

ADMINISTRATIVE CONTROL

4200 ENT - LTD Proceeds	\$4,000,000	\$0	(\$4,000,000)	(100.00%)
4209 ENT - LTD Proceeds - Clearing	(4,000,000)	0	4,000,000	(100.00%)
Subtotal Administrative Control	\$0	\$0	\$0	N/A

OTHER FINANCING SOURCES

4625 OT - W/in Special Dist - BOS	\$20,500	\$3,990,500	\$3,970,000	19365.85%
Subtotal Other Financing Sources	\$20,500	\$3,990,500	\$3,970,000	19365.85%

TOTAL REVENUES	\$36,500	\$3,995,750	\$3,959,250	10847.26%
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EXPENDITURES:

OTHER CHARGES

7930 Interest-L.T. Debt	\$195,517	\$0	(\$195,517)	(100.00%)
Subtotal Other Charges	\$195,517	\$0	(\$195,517)	(100.00%)

FIXED ASSETS

8510 Building / Improvement	\$4,410,000	\$4,921,350	\$511,350	11.60%
9142 Capital Replacement Program	0	0	0	N/A
Subtotal Fixed Assets	\$4,410,000	\$4,921,350	\$511,350	11.60%

ADMINISTRATIVE CONTROL ACCOUNT

9210 Advances	\$120,174	\$0	(\$120,174)	(100.00%)
9219 Advances - Clearing	(120,174)	0	120,174	(100.00%)
Subtotal Administrative Control	\$0	\$0	\$0	N/A

TOTAL EXPENDITURES	\$4,605,517	\$4,921,350	\$315,833	6.86%
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TOTAL NET COST	\$4,569,017	\$925,600	(\$3,643,417)	(79.74%)
<i>(Expenditures Minus Revenues)</i>				

FY 2009-10 BUDGET

CHARACTER JUSTIFICATION

Department - Division: Sonoma County Water Agency - Sanitation

Section Title: Russian River CSD - Construction

Character Title: Use of Money

Character No.: 652305-17

1700 Interest on Pooled Cash

This account records interest on pooled cash held for the District by the County Treasurer's office. Estimated interest is projected based on cash on hand and current interest rate trends.

Estimated Average Cash Balance	\$300,000
Projected Interest Rate	1.75%
Projected/Planned Interest on Pooled Cash	\$5,250

Character Title: Administrative Control Account

Character No.: 652305-42

4200 ENT - LTD Proceeds

No Funds will be budgeted for FY 09-10.

4209 ENT - LTD Proceeds - Clearing

No Funds will be budgeted for FY 09-10.

Character Title: Other Financing Sources

Character No.: 652305-46

4625 OT - W/in Special Dist - BOS

This account reflects the transfer of cash from the Operations Fund to the Construction Fund to finance the Capital Replacement Program (\$3,970,000 for Disinfection Project). This transfer also includes the annual contribution to the Wastewater Capital Reserve Fund required by the State Revolving Fund loan received in February 2004. The amount added to the Capital Reserve Fund each year is \$20,500 (.5% of the final loan amount of approximately \$4,100,000). This transfer will occur each year during the first 10 years of the loan. Interest earned on the Reserve Fund shall remain in the fund. The schedule for transfers to the Reserve Fund is as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Balance</u>
04-05	\$20,500	\$20,500
05-06	20,500	41,000
06-07	20,500	61,500
07-08	20,500	82,000
08-09	20,500	102,500
09-10	20,500	123,000
10-11	20,500	143,500
11-12	20,500	164,000
12-13	20,500	184,500
13-14	20,500	205,000

4625 OT - W/in Special Dist - BOS (Continued)

Funds held in the Reserve Fund may be used for capital improvements. If used, the District must replace the expended funds at a rate of 10 percent per year. If the Operations Fund does not have sufficient cash available to finance planned capital projects, the transfer to the Construction Fund will be limited to the amount required for the Wastewater Capital Reserve Fund. Any uncompleted projects will be rescheduled and rebudgeted in the next fiscal year.

NOTE; In order to comply with the State Revolving Fund loan requirements, the ending fund balance of the RRCSD Construction Fund shall not fall below the required balance for the Wastewater Capital Reserve Fund in any given year during the 20 year term of the loan.

8510 Buildings / Improvements

This account can be used to provide capacity to new users pursuant to the County General Plan (using connection fee revenue), as well as for treatment plant and reclamation system improvement projects.

The following Plant/Reclamation Improvement Projects are planned for FY 09-10:

Building/Improvements	PCAS No.	Amount
<u>EIR - Disposal Irrigation</u>	TBD	\$ 50,000
Miscellaneous improvements to the existing irrigation system.		
<u>Irrigation Expansion</u>	7027	250,000
This project will construct underground pipeline, along with appurtenant storage and pumping facilities, to distribute recycled water from the treatment plant for irrigation purposes. The current budget will fund costs for preliminary design/feasibility and CEQA compliance.		
<u>Emergency Generator</u>	TBD	960,000
This project will replace the existing emergency generator at the treatment plant.		
<u>Disinfection (Formerly Chlorine Contact Basin)</u>	4015	<u>3,661,350</u>
This project will expand or construct new disinfection treatment facilities at the treatment plant to comply with increasingly restrictive regulatory requirements for discharge to the river. The current budget item will fund construction costs and portions of the CEQA compliance, design, and contract administration costs.		

Subtotal for Buildings / Improvements (Sub-object 8510) \$ 4,921,350

9142 Capital Replacement Program

TBD

This requested amount is intended to fund repair and replacement of the sewer collection system. Long-term replacement of existing facilities that are worn out and in disrepair will help to bring the facilities up to current sanitation standards and will extend the life of the sanitation infrastructure. No funds are budgeted for FY 09-10

Subtotal for Capital Replacement Program (Sub-object 9142) \$ -

Grand Total - Character 85 \$ 4,921,350

FY 2009-10 BUDGET
STATEMENT OF SPECIAL FUND ACTIVITY

Department: Sonoma County Water Agency - Sanitation
 Section: Russian River CSD - Construction
 Index No.: 652305

DESCRIPTION OF FUND ACTIVITY	Actual FY 07-08	Estimated FY 08-09	Requested FY 09-10
Undesignated/Unreserved <u>BEGINNING</u> Retained Earnings			
Available for Budgeting (See Detailed Components Below)	\$1,664,414	\$1,399,230	\$1,253,940
Annual Revenues and Expenditures:			
Revenues - Increase retained earnings	\$142,336	78,592	3,995,750
Expenditures - (Decrease) retained earnings	(\$356,105)	(335,330)	(4,921,350)
Net Surplus or Deficit - Inc/(Dec) to retained earnings	<u>(213,769)</u>	<u>(256,738)</u>	<u>(925,600)</u>
Adjustments to Reserves/Encumbrances:			
Capitalized Interest	(69,620)	-	-
Change in Encumbrances	34,776	111,448	-
Adjustment Ordinance 39 Receivable	(17,359)	-	-
4200 - Proceeds from LT Debt	-	-	-
PY CIP Adjustment	788	-	-
Net Adjustment - Increase/(Decrease) to Retained Earnings	<u>(51,415)</u>	<u>111,448</u>	<u>-</u>
Undesignated/Unreserved <u>ENDING</u> Retained Earnings			
Available for Budgeting	\$1,399,230	\$1,253,940	\$328,340
Total Increase/(Decrease) in Retained Earnings for Fiscal Year <i>(Difference between Beginning and Ending Balance)</i>	(\$265,184)	(\$145,290)	(\$925,600)
<u>Retained Earnings Components at Beginning of FY</u>	<u>7/1/07</u>	<u>7/1/08</u>	
Cash	\$1,772,819	\$1,436,653	
Other Receivables	90,428	74,025	
Accounts Payable	(52,609)	-	
Encumbrances (Contract)	(146,224)	(111,448)	
Total Beginning Retained Earnings	<u>\$1,664,414</u>	<u>\$1,399,230</u>	